

REPORT FOLLOW-UP

AGENCY: DEPARTMENT OF COMMERCE

On March 15, 2004, the Legislative Services Office released a Management Report on Financial Procedures for the Department of Commerce for fiscal years 2001, 2002, and 2003. The Department was contacted on June 21, 2004, and this follow-up report addresses how the Department has responded to the one finding and recommendation contained in that report.

STATUS OF RECOMMENDATIONS:

Finding #1: The Department did not accurately report expenditures on the performance report submitted to the U.S. Department of Housing and Urban Development (HUD).

Federal regulations, *OMB Circular A-133 Compliance Supplement*, require the Department to file an annual performance report with HUD. This performance report is the only required report for this grant. The report includes both financial and program information covering the period from April 2002 through March 2003. The reported expenditures for that period were \$315,950 higher than the accounting records supported. There was no management review prior to this report being submitted to HUD, so the errors were not detected.

We recommended that the Department implement a process for preparing this report that includes preparing the internal reports from the underlying accounting records and management review of the completed report prior to submission to HUD.

Audit Follow-up: The Department included additional management review, prior to submission to HUD, for the 2003 report submitted in June of 2004. Management is also researching various reporting programs used by other governments. The Governor and Legislature combined the Department of Commerce with the Department of Labor in 2004, and management is investigating the applicability of current Department of Labor reporting processes to the specific needs of this grant.

Status: CLOSED